
HOUSE BILL No. 1583

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-22.

Synopsis: Tax credit for conservation easements. Provides a credit against state tax liability for 25% of the aggregate assessed value of all land granted in one or more conservation easements by a taxpayer to one or more qualified entities during the taxable year. Provides that the amount of the credit for any taxable year may not exceed \$10,000 for all land granted during the taxable year. Provides that the amount of the credit for any taxable year may not exceed a taxpayer's state tax liability for that taxable year. Provides that the granting of a conservation easement is not eligible for a credit unless the conservation easement is unlimited in duration.

Effective: January 1, 2002.

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January 17, 2001, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 1583

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-22 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2002]:

4 **Chapter 22. Conservation Easement Tax Credit**

5 **Sec. 1. As used in this chapter, "conservation easement" has the**
6 **meaning set forth in IC 32-5-2.6-1.**

7 **Sec. 2. As used in this chapter, "pass through entity" means:**

- 8 (1) a corporation that is exempt from the adjusted gross
9 income tax under IC 6-3-2-2.8(2);
10 (2) a partnership;
11 (3) a limited liability company; or
12 (4) a limited liability partnership.

13 **Sec. 3. As used in this chapter, "qualified holder" refers to an**
14 **entity that is qualified to hold a conservation easement under**
15 **IC 32-5-2.6-1.**

16 **Sec. 4. As used in this chapter, "state tax liability" means a**
17 **taxpayer's total tax liability that is incurred under:**

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- (1) IC 6-2.1 (the gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (3) IC 6-3-8 (the supplemental net income tax);
- (4) IC 6-5-10 (the bank tax);
- (5) IC 6-5-11 (the savings and loan association tax);
- (6) IC 27-1-18-2 (the insurance premiums tax); and
- (7) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "taxpayer" means any person, corporation, partnership, or other entity that has any state tax liability.

Sec. 6. Subject to the limitations prescribed in section 7 of this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for the taxable year in an amount equal to twenty-five percent (25%) of the aggregate assessed value, as determined at the most recent assessment date for property tax purposes, of all real property granted in one (1) or more conservation easements by the taxpayer to one (1) or more qualified holders during the taxable year.

Sec. 7. (a) The total amount allowable as a credit under this chapter for any taxable year may not exceed ten thousand dollars (\$10,000) for all land granted in one (1) or more conservation easements under section 6 of this chapter during the taxable year.

(b) The amount of the credit allowed under this chapter for a taxpayer in a taxable year may not exceed the taxpayer's state tax liability for that taxable year. A taxpayer may not:

- (1) carry forward the amount of any unused credit to subsequent taxable years; or
- (2) carry back the amount of any unused credit to prior taxable years.

A taxpayer is not entitled to a refund of any unused credit.

(c) The granting of a conservation easement is not eligible for the credit provided under this chapter unless the conservation easement is unlimited in duration.

(d) If a taxpayer and a taxpayer's spouse file a joint income tax return, only one (1) credit may be claimed by the taxpayer and the taxpayer's spouse under this chapter for the taxable year. However, in the case of a husband and wife who:

- (1) jointly grant a conservation easement under section 6 of this chapter; and

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1 (2) file separate tax returns;
2 the husband and wife may take the credit in equal shares, or one
3 (1) spouse may take the whole credit.

4 Sec. 8. If a pass through entity does not have state income tax
5 liability against which the credit allowed under this chapter may
6 be applied, a shareholder or partner of the pass through entity is
7 entitled to a tax credit equal to:

8 (1) the tax credit determined for the pass through entity for
9 the taxable year; multiplied by;

10 (2) the percentage of the pass through entity's distributive
11 income to which the shareholder or partner is entitled.

12 The credit provided under this subsection is in addition to a tax
13 credit to which a shareholder or partner of a pass through entity
14 is entitled. However, a pass through entity and an individual who
15 is a shareholder or partner of the pass through entity may not
16 claim more than one (1) credit for the establishment of the same
17 conservation easement.

18 Sec. 9. To receive the credit provided under this chapter, a
19 taxpayer must claim the credit on the taxpayer's state tax return
20 or returns in the manner prescribed by the department. The
21 taxpayer shall submit to the department proof of the establishment
22 of any conservation easement used to claim the credit and all
23 information that the department determines is necessary for the
24 calculation of the credit provided by this chapter.

25 SECTION 2. [EFFECTIVE JANUARY 1, 2002] IC 6-3.1-22, as
26 added by this act, applies to taxable years beginning after
27 December 31, 2001.

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